year for the capital outlay relating to the Quilon-Trivandrum Railway and Chakai-Thampanoor extension of the Railway. The total expenditure on these two railways will amount to Rs 55·50 lakhs and Rs 28·67 lakhs respectively at the close of 1112 aggregating on the whole to Rs 84·17 lakhs. Government have also guaranteed to recoup the loss, if any, on account of the working of the Quilon-Shencottah Railway. In the result, the loss to be recouped for the years 1111 and 1112 is expected to amount to Rs ·85 and Rs ·50 of a lakh respectively.

COMMERCIAL UNDERTAKINGS.

34. *The Pallivasal Hydro-Electric Project.*—Great progress has been made in the execution of the various works connected with the project, during the current year.

The excavation for the Water Tunnel was completed in February last and portions of the tunnel where the ground has been found to be unsatisfactory are being lined with concrete. The design of the headworks has been finally settled as a result of the visits of Major Howard and Signor Marcello whose services were requisitioned by Government in a consulting capacity to examine the details of the works relating to the Scheme. The construction of the headworks is proposed to be taken up just after the monsoon. The erection of pipes etc., will be completed early in 1112.

The power house building has been nearly completed in all respects. The Ascu Timber Treatment Plant ordered by the Forest Department has been installed and is now in operation.

All the works in connection with the Project are expected to be completed by the middle of the year 1112, when the Revenue accounts will be started. Proposal is also under consideration for the extension of the supply to Quilon and other places. When the scheme reaches a normal period of operation, it is expected to bring in a substantial return.

A provision of Rs 28·37 lakhs has been made in the budget for 1112.

35. *Trivandrum Electric Supply.*—The total expenditure that will be incurred on the Trivandrum Electric Supply to the end of the current year is expected to stand at Rs 8·63 lakhs. A provision of Rs·50 of a lakh has been made for capital expenditure in 1112. The gross receipts of the current year are expected to stand at Rs 2·18 lakhs and deducting the working expenses of Rs ·97 of a lakh, there will be a balance of Rs 1·21 lakhs out of which interest charges will account for Rs 43,640 and Depreciation Rs 47,000. The balance will be transferred to the Reserve Fund. The gross receipts of the next year are expected to amount to Rs 2·35 lakhs. The working expenses will amount to Rs 1·04 lakhs leaving a net result of Rs 1·31 lakhs out of which Rs ·47 of a lakh will be appropriated for interest charges and Rs ·36 and Rs ·48 lakhs for reserve fund and depreciation fund respectively.

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36. *Quilon Electric Supply.*—The capital expenditure on the Quilon Electric Supply to the end of this year is expected to stand at Rs 2·68 lakhs. A provision of Rs 34,800 has been made for capital expenditure in 1112 under this head. The Quilon Electric Supply is still in its infancy. But its revenue is steadily increasing. The anticipated gross receipts will be Rs ·40 of a lakh during the current year and Rs ·54 of a lakh during the next year. The working expenses will amount to Rs ·33 of a lakh and Rs ·37 of a lakh respectively during the current and the next year. It has been possible to provide a sum of about Rs 2,500 to the depreciation reserve in the next year after meeting the interest charges.

37. *Trivandrum Telephone Exchange.*—The total expenditure on the Trivandrum Telephone Exchange to the end of 1111 is Rs 1·82 lakhs. A provision of Rs 5,500 has been made under Capital for this work during the next year. The anticipated receipts during the current year and the next year will be Rs ·21 of a lakh and Rs ·23 of a lakh respectively. The working expenses for both 1111 and 1112 are estimated at Rs ·12 of a lakh. The net receipts in the current and next year are estimated at Rs ·09 of a lakh and Rs ·11 of a lakh respectively. Of the above, in the current year, Rs ·08 of a lakh will be appropriated to interest charges and Rs ·01 of a lakh to depreciation fund : and in the next year Rs ·09 of a lakh to interest charges and Rs ·02 of a lakh to the depreciation fund.

38. *Trunk Telephone Scheme.*—No work in connection with the scheme has been carried out during the current year as the whole question was under the consideration of this Government and the Government of India between whom negotiations are in progress with a view to arrive at working arrangements. It is expected that the work will be taken up early next year and for this purpose, a provision of Rs 2 lakhs has been made in the Budget.

39. *Rubber Factory.*—The factory was opened by His Highness the Maharaja on the 1st Chingom 1111 and commenced operations on that day. About 120 persons are now working in the factory. At present all rubber articles except motor car tyres are manufactured in the factory.

The capital expenditure on the factory will amount to about Rs 3·94 lakhs at the end of 1111. A sum of Rs 50,000 has been provided for capital expenditure in the budget of 1112, for the purchase of two heavy duty mixing rollers and other machinery. A system of commercial accounts has been drawn up and it is hoped, by the end of next year, the factory will begin to pay its way.

40. *The Clay Refining and Porcelain Factory.*—In the budget estimates for 1111, provision was made for a capital outlay of Rs 3 lakhs for the construction of a clay refining and porcelain factory. As Mr. Dogar Singh of the Benares Hindu University has only recently been appointed as ceramic expert, the provision made in the current year could not be fully utilised. A lump sum of Rs 3 lakhs has therefore been provided in the budget estimates for 1112. It is hoped that the factory will be completed within the next year and will yield a substantial return on the outlay.

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